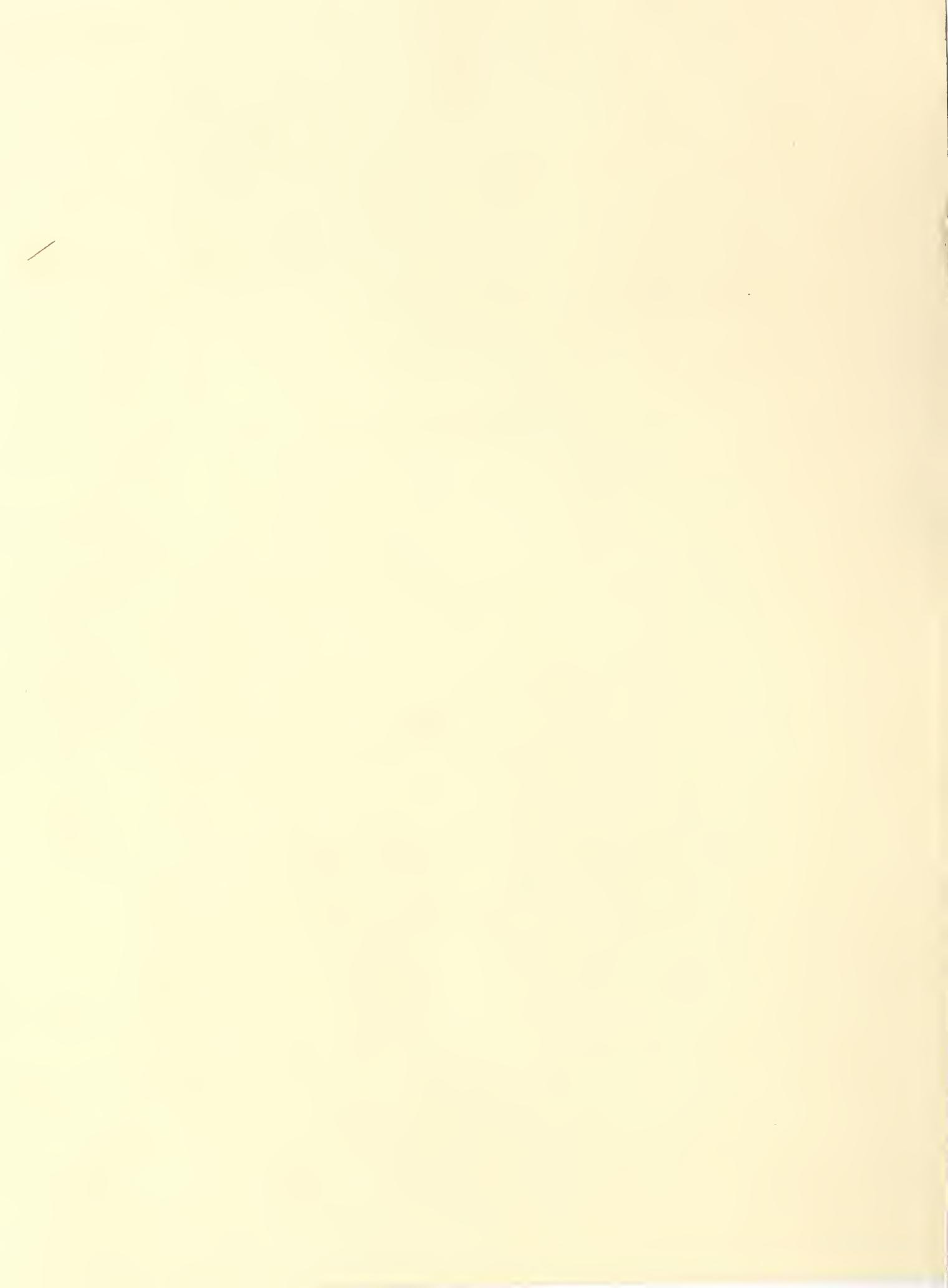


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OCTOBER 2, 1967



BRITISH AGRICULTURE
AND EEC MEMBERSHIP

MEXICAN PRESIDENT
STRESSES AGRICULTURE

DUBLIN FOOD SHOW

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

OCTOBER 2, 1967
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Mexican farmers examine sorghum, one crop being planted increasingly to diversify production. Farming took high priority in President Ordaz' State of the Union speech, detailed on page 7. Photograph from the Rockefeller Foundation.

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What EEC Membership Would Mean to British Farm Trade

EEC membership would mean dramatic changes to Great Britain and its trading partners. To the U.S. farm trade it could mean an improved trade position for tobacco and cotton but stiffer competition for grains and lard.

By ROBERT N. ANDERSON
U.S. Agricultural Attaché, London

On the British farms, at the agricultural shows, in the Farmers' Club in London, and in pubs throughout the country, conversations invariably turn to the United Kingdom's second attempt to join the European Economic Community (EEC).

Announced on May 2, 1967, by Prime Minister Wilson, this new application for EEC membership has been greeted with strong skepticism about the possibility of Britain's entry so long as French President De Gaulle has the power of veto. Despite annoyance at this, many farmers and farm leaders appear relieved that the problems of adjustment that would arise from joining are not yet coming to a head. From the beginning, they have shown little enthusiasm about EEC membership, although they are not likely to raise strong objections if the country is accepted.

The impact of British membership in the Common Market would be wide and far-reaching, both for the existing six EEC members and for the United Kingdom itself. Aside from political, general economic, and military questions, there would be significant changes in agriculture and especially in agricultural trade.

A leading importer

For many years, Great Britain has been one of the world's largest importers of agricultural products. Since the Second World War, it has become more self-sufficient, but even now about half of the country's food requirements plus all of its tobacco and cotton are imported. These imports are from almost every country in the world. Although there is heavy dependence on Commonwealth countries, the United States is the most important single supplier. In 1966, total imports of food, animal feeds, fibers, hides and skins, and tobacco amounted to more than \$5½ billion. Commonwealth countries provided a little over 40 percent of these imports, the United States almost 10 percent, and the rest of the world the remaining 50 percent.

The United Kingdom has a long tradition of low import duties on agricultural products, except for tobacco. Ship-



Fields of barley and oats on farm in southern England. British entrance to Common Market could encourage home production of feedgrains.

ments from Commonwealth countries enter duty free or at a preferential rate. This trade policy was designed to make possible relatively low food prices for the working population and to build up a large export trade in manufactured products. On the other hand, for many years the British farmers were left without much protection in the markets against cheap food imports.

Agricultural legislation in 1947 introduced a Deficiency Payment support system to strengthen the position of British farmers and encourage local production. Successive governments have modified the supports, but the basic policy has been continued.

The support system for the main agricultural products is based on the principle of government payments to make up the difference between the average price received by farmers on the local markets and a guaranteed price. Guaranteed prices for various products are set annually by the government after a price review, in consultation with leaders of farmers' organizations. The system is considered to have been successful in improving production efficiency and raising farm output by almost 70 percent in the past 2 decades.

If the United Kingdom joins the EEC, its agricultural policy would have to be changed in line with the agricultural provisions of the Treaty of Rome. This would mean, perhaps after a transitional period for some items, freedom of imports from Community countries, and the adoption of high import levies on agricultural products from countries outside the Community. On the basis of present Community regulations, it would result in an increase in local prices of most home-produced and imported agricultural

products. It is estimated that consumer prices of food would be raised by 10 to 14 percent over the present level. Also, the British Government estimates that the net balance-of-payments cost would be in the region of 175 to 250 million pounds sterling per year (\$490-\$700 million).

In addition to changes on the local markets, the United Kingdom's joining the EEC would mean significant changes in the traditional trading pattern. Commonwealth preferences largely would end; EEC members would have import preferences in the British market; and efforts to further increase British production of some products would be accelerated.

Moreover, the altered trading system would also encompass the Irish Republic and Denmark, which will accompany the United Kingdom into the EEC.

Change could favor U.S. tobacco, cotton

More than 350 years ago, shipments of tobacco to England provided the American colonies an exchange product for obtaining some of the many items needed to develop a new country. Since then, the United States has remained the main supplier of the British market, although after World War II Rhodesia attained a close second position owing to the duty preference it enjoyed as a Commonwealth member, to improvements in its tobacco, and to U.K. dollar shortages.

In 1966, when shipments from Rhodesia were prohibited because of the political situation, the United States provided 58 percent of U.K. imports. However, if the Rhodesian situation is satisfactorily resolved, that country could again become the principal U.S. competitor in the U.K. market.

On the other hand, British entry into the EEC presumably would eliminate the Commonwealth preferences and might improve the U.S. position, depending on the

tobacco policy finally adopted by the Common Market countries. The British taste favors U.S.-type flue-cured tobacco, and Rhodesia is the only significant competitor for this type tobacco. Other main suppliers to the British market are Zambia/Malawi, Canada, and India.

Traditionally, the United States has been the main supplier of raw cotton to the British market. Trade is free, and there is no duty on imports. Supplies come from a great many producing countries, but the United States heads the list. Since World War II, British cotton spinning and weaving has been reduced to only about a third of its prewar activity. This was due to strong competition from manmade fibers and from increased imports of cotton textiles from Commonwealth and other countries.

U.S. shipments of raw cotton to Great Britain in 1966 amounted to only 78 million pounds, compared with 260 million 10 years ago and 445 million in 1938. If the United Kingdom entered the EEC and imports of cotton textiles from Commonwealth and developing countries were curtailed, more raw cotton might be required and the United States would likely share in the expanded market.

Greater self-sufficiency in grains

Feedgrain has become one of the largest stakes for the United States in the British import market. In 1965-66, the United States provided about 3.2 million long tons of corn and sorghum (including transshipments) to Great Britain, or over 70 percent of the total feedgrain import. There is no import duty in the United Kingdom on yellow corn, nor on wheat—some of which is used for feed—but on barley and grain sorghum the United States and other non-Commonwealth countries pay a 10-percent rate.

If the United Kingdom joins the Common Market, the cost of imported grain to the British users would be increased considerably through common levies, and this could

Clockwise from right: Herefords are judged at Welsh cattle show; U.S. lard is pumped from ship to truck for delivery to British packaging plants; London consumer inspects domestic and imported meats.





Danish cheese (left) would add to the EEC's mounting supplies if Denmark and Britain join the EEC. French farmer harvesting grain (above) represents threat of expanded French competition in Britain's grain market.

put a damper on purchases. Also, higher internal feedgrain prices would encourage further large increases in the production of barley and other feeds.

U.K. barley production now exceeds 8 million long tons, which is more than three times the production before the midfifties. Much of this increase has been due to improved yields and to conversion of plantings from other grains, particularly oats, as well as the diversion of grasslands to grain production—a movement which would be encouraged by higher prices in the EEC and could continue for some time. In addition, French and other EEC grain imported into the United Kingdom would not be subject to the import levies. To the extent that production of feedgrains and wheat in any of the EEC countries exceeded local requirements, it would tend to replace imports from the United States.

At present, wheat is imported into the United Kingdom freely, and there is no import duty. Inasmuch as an enlarged EEC would still need hard wheat, which is not grown extensively in Europe or the United Kingdom, the present volume of imports of hard wheat would not be expected to change a great deal. Canada is the main source of hard wheat, but the United States also supplies a large amount, mainly high-protein Hard Winters for use in the mills as "fillers." U.S. wheat competes on the U.K. market with wheat from Argentina, Australia, and France. As a fellow member of the EEC, France, of course, would stand to benefit from U.K. membership.

An additional factor to be considered is the probable increase in U.K. self-sufficiency. As the Common Agricultural Policy now stands, wheat would become a more attractive crop to British farmers because of much higher prices. Furthermore, British millers could possibly use more domestic soft wheat, even though this would change the quality of the bread.

The United Kingdom's wheat production in 1965-66 reached 4.1 million long tons, while imports were 4.3 million. However, about half of the home-grown wheat is used for feed. Normally, Canada supplies about 2 million tons of wheat and flour to the United Kingdom each year. U.S. shipments, including transshipments, mainly from the Netherlands and Belgium, have been running about 900,000 tons per year in the past 2 years. Shipments from

Australia have amounted to about 600,000 tons, and 600,000 has come from Argentina and France together.

Trouble for homegrown fruits, vegetables

In the fruit and vegetable industries British growers themselves would probably bear the brunt of the changes. Italian, French, and Dutch horticultural produce, which is seasonally competitive with fruits and vegetables grown in the United Kingdom, could provide very stiff competition to British growers who are protected at present by elaborate seasonal tariff schedules and by apple and pear quotas.

On entry into the Common Market, British producers would no longer have this protection against EEC countries. Presumably, the apple and pear quotas would disappear. This would benefit the United States, which would be able to compete on equal terms with Australia, New Zealand, and South Africa, who now enjoy the Commonwealth tariff preference. These countries would still have a seasonal advantage, but, on the other hand, a shorter haul gives the United States some advantage. It would be possible to continue to ship stored apples and pears to the United Kingdom during the spring and early summer when supplies are not available from Europe.

For canned fruit and raisins, the United States might gain some advantage since Australia and South Africa, the principal competitors now, presumably would lose their tariff preference.

The United Kingdom produces no citrus or tropical fruits and nuts. Duties on these products generally are not considered high, but for Commonwealth countries and South Africa imports are free. The United Kingdom still maintains a quota restriction on imports of fresh grapefruit and canned grapefruit sections from the United States, as well as a seasonal restriction on imports of fresh grapefruit. Presumably, these restrictions would disappear if the United Kingdom joined the Common Market. However, imports of other citrus and tropical products and nuts probably would be increased from Italy and France if Britain joined the EEC.

In 1966 the principal suppliers to the U.K. market, in order of importance, for various fruits were as follows: Fresh apples and pears—Australia, South Africa, New Zea-

land, the United States, Italy, Canada; fresh citrus—Israel, Spain, South Africa, Cyprus, Italy, Brazil, West Indies, the United States; canned fruit—South Africa, Australia, Malaysia/Singapore, the United States, Japan, Italy; dried fruit—Greece, Australia, Turkey, the United States.

More incentive for meat, poultry output

Beef production has been encouraged by the British Government for some time, and the country now is about 75 percent self-sufficient when "store cattle" from Ireland are included. Remaining supplies come from: Argentina, 10 percent; Australia, 6 percent; Ireland, 4 percent; New Zealand, 2 percent; and others, 3 percent. The United States is the largest foreign supplier of variety meats.

The United Kingdom will increase its beef production in any case, but joining the Common Market could give greater incentive to U.K. cattle producers. Prices for beef and feed would be much higher, but the British have very good grasslands, and most of the beef and lamb production now is from grass. Some British economists feel that British grasslands have been neglected and that a strong improvement program would make possible a very large increase in the carrying capacity. They point out that Britain might even become a regular exporter of beef to the EEC.

The mutton and lamb position hinges largely on the special arrangements, if any, that can be obtained for New Zealand. In 1966 New Zealand provided 47 percent of British requirements, while 46 percent came from British farms. The British are heavy consumers of mutton and lamb, eating about 23 pounds per person annually.

The United Kingdom is almost self-sufficient in pork meat but imports about 65 percent of its bacon requirements, mainly from Denmark and Ireland on a quota basis. The already strong position of Denmark and Ireland in the U.K. market would be reinforced if, as expected, they followed the United Kingdom into the Common Market. It is doubtful whether U.K. pork producers would benefit a great deal from entry into Europe, and some observers feel that they would be at a disadvantage. Although there would probably be an increase in the price of pigs, the increase in feed costs might more than outweigh any price increase.

In poultry meat and eggs, the United Kingdom is virtually self-sufficient. British health regulations have kept fresh U.S. poultry out of the market, but there is a small market for U.S. canned and cooked-frozen poultry products. The U.K. poultry industry (for the production of both poultry meat and eggs) is modern and efficient in terms of feed conversion and production. Some British producers feel that the European market would provide another good outlet for their products and production would increase.

Dairy losses seen for Oceania

While the United Kingdom is self-sufficient in the production of milk for liquid consumption, its imports of dairy products are large, especially from Denmark, New Zealand, Australia, and the Irish Republic. The United States is not an important supplier. Generally speaking, the Danish and Irish position would be strengthened if they, too, entered the Community with the United Kingdom, but Australia and New Zealand could suffer heavy losses.

The big problem in the dairy sector is butter. At present the United Kingdom has low butter prices and a high consumption level, in contrast with the EEC position of high prices which tend to reduce consumption levels. Also, the

EEC has a butter surplus problem, which might worsen considerably if Denmark and the Irish Republic were to join and if overall Community prices remained high. Furthermore, if the present high Community price of butter were applied to the United Kingdom, consumption undoubtedly would fall sharply, making the butter surplus problem even worse.

Butter imports into the United Kingdom are regulated through a quota arrangement. Also, at the present time the United Kingdom is one of the few important outlets for the EEC's excess butter supplies and the main outlet for about 160,000 tons annually from New Zealand, 80,000 from Australia, and 20,000 from Eastern Europe.

The United Kingdom produces about one-third of its cheese requirements. Imports come from all of the principal exporting countries, including about 68,000 tons from New Zealand, 16,000 from the Netherlands, 14,000 from Canada, and 7,000 from Australia. Dried skim milk is also imported into the United Kingdom from various sources, but mainly New Zealand and the Irish Republic.

Outlook mixed for fats and oils

The United Kingdom produces almost no oilseeds or kernels, importing the bulk of its needs from Commonwealth countries. At present, imports of U.S. soybeans and their products are penalized by tariffs, which Commonwealth oilseeds and products escape. The new Kennedy Round Agreement calls for reduction of the present 5-percent soybean duty on a graduated basis; first reduction will be a 40-percent cut in 1968, followed by 20-percent cuts on January 1 of 1970, 1971, and 1972.

If the United Kingdom joins the EEC before the final cut in the U.K. soybean tariff, U.S. soybeans would benefit from the membership; otherwise, there would be no advantage except for meal.

The sector of the British fats and oils market in which the United States has a considerable stake is lard. Only a few years ago the United States was providing more than 80 percent of U.K. lard imports. In 1965, U.S. prices increased, and competition from Belgium, Romania, Poland, and other European sources eroded the U.S. position. Its share of the market fell in 1966 to only 27 percent. The level of shipments this year has increased again, but U.K. entry into the EEC along with Denmark would give the Community countries an advantage over the United States because of levies.

Sugar self-sufficiency might increase

At the present time the bulk of U.K. sugar imports is obtained from homegrown sugarbeets and from Commonwealth countries under the Commonwealth Sugar Agreement. In 1966 about half of Great Britain's total sugar requirements came from the Commonwealth, with a further 30 percent from domestic production. Entry into the EEC might mean an expansion of U.K. beet production, and some people feel that European beet producers might also expand production sufficiently to increase exports of beet sugar to the United Kingdom. The British Government, however, is likely to press for special arrangements for those Commonwealth countries particularly dependent on the U.K. sugar market, such as the British West Indies and Mauritius. Whether any arrangements would be made for continued imports from Australia, the other principal supplier, would remain to be seen.

President of Mexico Stresses Agriculture's Role in Economy

By JOHN C. SCHOLL

U.S. Agricultural Attaché, Mexico City

In his third annual State of the Union address last month, President Gustavo Díaz Ordaz of Mexico placed a much greater emphasis on agriculture than he had in his two previous addresses. His message was directed more toward emphasis and priorities than to major basic changes in present agricultural policies and programs; the importance of agriculture in the Mexican economy was emphatically highlighted.

Reaction in the press to this emphasis on agriculture has been favorable, the consensus being that perhaps an increase in resources going into agriculture should accompany the push in the industrial sector—in order to fully achieve and maintain a well-balanced and forward-moving economy.

Financial help for farmers

In discussing agrarian reform, which the President feels is a "decisive factor in the nation's peace, stability and economic development," he emphasized that there is still a great disparity between rural and urban living standards which must be eliminated. The President stressed this point "not because the farmer is on the verge of despair, as some seem to feel, but because of the justice and human solidarity we owe to the man in the field who has contributed so vigorously to the development of the country without receiving the benefits to which he is entitled."

The President called for greater social consciousness among entrepreneurs, bankers, and others who have benefited most from Mexico's economic growth, suggesting that excess profits give way to better income distribution. He pressed particularly for more private bank credit to small farmers in conjunction with efforts of the government to push harder on rural development.

Mexico's recent rapid economic development through emphasis on industrialization has brought the country to the point that it can now better afford to divert additional resources to the rural sector. A wider domestic market is needed to reduce prices of Mexican manufactures for greater competitiveness in exports. The government is also taking other measures to stimulate lower prices and better

quality in Mexican exports, conscious of the challenges of Mexico's participation in the projected Latin American Common Market.

The Mexican Secretary of Agriculture, in emphasizing the need to implement this part of the President's speech, has publicly indicated that strong government action may be required if private banks do not voluntarily extend additional credits to the Mexican small farmers. While it is too early to speculate on the degree to which this will be implemented, there is evidence of determined action, not only by the Secretary of Agriculture, but also by other top Government of Mexico officials.

Importance of livestock

The President made a point of the need to emphasize the livestock industry. A study by the Bank of Mexico in cooperation with USDA's Economic Research Service and several other studies have indicated a probable meat shortage in Mexico in the not-too-distant future unless reamedial steps are taken.

Mexico still exports annually to the United States almost 600,000 head of feeder cattle from its northern States and over 50 million pounds of meat. Nevertheless, the demand on meat and meat products is increasing rapidly because of population growth, higher economic standards as the country industrializes and the population gradually shifts from the rural to urban areas, increased tourism, and other factors. A substantial increase in meat production will be required to keep up with this strong and growing demand. Undoubtedly, this is one of Mexico's most pressing problems.

One of the steps suggested by the President to meet this impending problem is to improve the quality of cattle, along with improving pastures and increasing the number of feeding lots and upgrading their quality. Mexico has been endeavoring for years to improve cattle quality. It is now taking one-half the total purebred beef and dairy cattle exported from the United States. There are, however, numerous other elements that tend to limit the increase in Mexican meat production that might otherwise occur. Among these are: Lack of assurances to large landowners of the continued right of possession of their farms; govern-

Developing high-yielding wheat for other countries is part of Mexico's Plan Chapingo.





President Ordaz emphasized importance of irrigation projects, such as one at left. Above, harvesting sugarcane—source of one of Mexico's major exports.

ment ceiling prices, which many cattle people feel are inadequate to take care of the increased cost of production; and lack of efficient grading systems. The President's statements about the livestock situation indicate a clear recognition of the problem and the government's determination to seek a solution. This was encouraging to the livestock industry.

Production stimulants needed

The President called attention to the need to continue irrigation projects and to improve farming practices. He suggested specifically the increased requirements for modern farming equipment and the need for greater use of fertilizer and pesticides.

Implicit in the President's address was the fact that the masses of farmers have not fully shared in the benefits of the rapid increase in Mexican agricultural production over the past few years. And, dramatic as this increase has been, stimulants are needed to spur production even more—if it is to meet the growing domestic needs and provide for continued substantial exports.

The President stressed the importance of the key long-term agricultural objectives of self-sufficiency in basic foods. Although this objective has already virtually been attained, the policy of the present government is to make sure the country continues in this position. Not only has Mexico reached self-sufficiency in most of its grain crops but, reflecting the effects of major technological breakthroughs, it is adding grains to the other commodities, such as cotton, sugar, and coffee, which it exports. Particularly noteworthy in helping Mexico attain self-sufficiency in basic food production has been the contribution of U.S. foundations with Mexican agriculturalists.

Agricultural exports play a major role in Mexico's economy. They account for about half of the total value of all Mexican exports and have contributed to holding down the unfavorable overall trade balance which the country still experiences.

Mexico has the land, resources, and know-how to produce the quantities of agricultural export commodities needed to meet foreseeable demands in international markets. Actually, the government policy has been—and continues to be—to hold back somewhat on the production of

its major export commodities in order to keep supplies at workable levels.

In the case of cotton, Mexico's No. 1 export commodity, a combination of reduced acreages and bad weather has reduced production from the high level of 1965-66; no significant comeback in acreage is anticipated over the short run. Regarding sugar, after the upsurge in Mexican production a few years ago because of world scarcity and high prices, Mexico has put the brakes on its expansion program and is leveling off production. The objective is to meet fast-growing domestic requirements and to fulfill Mexico's quota under the U.S. sugar program. On coffee, Mexico has a program designed to adjust production to domestic and export needs and reasonable carryovers in line with the supply-management provision of the International Coffee Agreement.

Recognizing the advantages of diversifying agriculture, Mexico has shifted acreage from cotton to feedgrains, oilseeds, and pastures. In order to prevent increases in coffee acreages, the Coffee Institute provides technical and financial assistance to growers shifting to other specified commodities, such as rubber and citrus. In the Yucatán, which traditionally has been a one-crop (henequen) economy, an all-out effort is underway to shift to other crops. While the President's address did not focus specifically on these points it is quite clear that Mexico's agricultural policy for export commodities will continue to be along the above lines.

Recognition of Plan Chapingo

The importance of Plan Chapingo, which was officially inaugurated on February 22 of this year, is fully recognized. Plan Chapingo is a program that brings together at the National Agricultural School at Chapingo the Mexican agricultural research work and extension service activities. It is a kind of "Mexican land-grant college." Also headquartered at Chapingo are U.S. foundations and the International Maize and Wheat Center. The latter focuses heavily on assisting and training technicians to develop high-yielding and better varieties of wheat and corn for other countries. Significantly, the work done in wheat breeding in Mexico has already paid high dividends in such countries as Pakistan, India, and Turkey. This is a definite contribution to the world food battle.

Japanese Journalists Learn About American Frozen Foods



Most of these Japanese food editors and writers got their first look at the wide array of frozen foods available to American shoppers at their recent visit to the United States Commissary at the Kanto Mura Base Command near Tokyo. The visit was arranged by the U.S. Trade Center in

Tokyo, which is currently playing host to a special sales promotion of American frozen foods in cooperation with the U.S. frozen foods industry. The trip was topped off with a typical American dinner made up entirely of U.S. frozen foods—a first for the journalists.

Dublin Food Show a Hit With Consumers and a Visiting U.S. Farmer

A typical American farmer paid a visit to the U.S. booth at the Irish International Food and Drink Fair in Dublin, September 7 to 16. "I know," he said, "that the products from 1 out of every 4 of my acres have to be exported, and these shows do the trick. If my products don't go out, my income doesn't come in."

The farmer was John Naughton, owner-operator of a 230-acre farm of corn and soybeans in the heart of the Cornbelt—at Sergeant Bluff, Iowa. Mr. Naughton and his nephew Marc were on vacation in Ireland and decided to see America's entry in the food show.

He liked what he saw, as did thousands of Irish who poured into the Fair—the first major U.S. food promotion ever staged in Ireland. Besides the United States, two-dozen other countries exhibited their products, competing for a larger share of the rapidly developing Irish market. Nine Irish firms which are already making a success of importing American foods had space in the U.S. exhibit.

Irish papers called the eye-catching, well-designed U.S. exhibit the "hit of the show." Food displays featured U.S.-grown peas and lentils, raisins, and rice. A new products display, sponsored by the Grocery Manufacturers of America (GMA), featured 115 items—canned, packaged, or frozen U.S. products, snacks, and confections—none of which has previously been available in Ireland.

An official from the California Raisin Advisory Board told this success story. For opening-day use at the Board's exhibit, some 208 loaves of California raisin bread had been baked, with some trepidation as to whether the Board was being overly enthusiastic. But Irish consumers were so attracted by the aroma of toasted samples, they surrounded the stand for a taste and by midafternoon had bought all 208 loaves. The Board immediately ordered twice as much bread for the next day and four times as much for the third.

The real payoff for exhibitors, however, is more likely to be in the development of trade contacts. A special preview

was given to the Irish food tradespeople to acquaint them with the available foods so they could later observe consumer reaction.

The enthusiastic public response to the U.S. foods apparently stimulated the trade. Edward J. Stegner, merchandising representative of GMA, said as he closed up shop on the next to the last day of the show that he had had 60 inquiries from Irish businessmen interested in taking on American lines.

Right, Iowa farmer John Naughton and his nephew Marc talk with U.S. Exhibit Director Robert D. Francis. Below, Irish consumers crowd the popular California raisin booth to sample pieces of toasted raisin bread and buy loaves.



World Wheat Crop Close to 1966 Record

The first estimate of world wheat production in 1967 puts it at a near-record 278 million metric tons (10.2 bil. bu.) compared with the revised estimate of 280 million tons (10.3 bil. bu.) in 1966. World wheat acreage increased 2 percent, and conditions so far have been predominantly favorable for production of a bumper crop.

Unusually favorable weather in Europe and the Middle East through the harvest, now nearly completed, has resulted in excellent yields and record crops. Western Europe should harvest a record crop, despite limited acreage due to excessive moisture. Eastern Europe's largest crop is due both to increased acreage and record yields.

Total production of the EEC countries—accounting for two-thirds of West European production—is up 15 percent to a record 30.45 million tons compared with 26.5 million in 1966 and the 1960-64 average of 26.2 million tons. Excellent crops were produced from a total acreage 3 percent below 1966 and 7 percent smaller than average.

The USSR reduced wheat acreage, possibly 5 percent below the 1966 area. The outlook is for a very good crop, although not approaching last year's record output.

Despite a 13-percent gain in acreage, the current estimate of the North American crop is slightly below the 1966 record. The decline is due mainly to lack of rainfall in Canada from April to mid-August, which sharply reduced crop yields. U.S. acreage for harvest increased 20 percent; though yields per acre were below expectations, the record crop is 18 percent larger than in 1966.

Africa will harvest one of the largest crops on record. Rainfall last fall was sufficient to permit acreage increases in North Africa, and except in Tunisia, average to good crops were produced. South Africa is increasing acreage and given adequate rainfall, the harvest should about double the drought-stricken crop of 1966.

Acreages are up in other important wheat countries of the Southern Hemisphere. However, current moisture supplies are being reported as only fair for these crops, which will mature in late 1967. Estimated acreage in South America increased 20 percent. Argentina, the principal producer, planted the largest acreage in 20 years. Australia boosted acreage to a new record—9 percent above the previous record of 1966.

A detailed table and analysis appears in the September issue of *World Agricultural Production and Trade: Statistical Report*.

Venezuela's Corn Production Expands

Venezuela's 1967 corn crop is expected to be about 630,000 metric tons, up from 557,500 tons last year, a result of larger acreage and favorable weather.

Recent heavy rains are reported to have helped the new corn crop, although there were small losses from floods along the rivers on land owned by subsistence farmers.

Venezuelan corn production has increased each year since 1963, when 430,000 tons were harvested. Both acreage and per acre yields have gone up each year in this period. Principal reasons for these gains are larger plantings by commercial scale farmers and greater assistance,

technical and economic, to small farm owners in the Agrarian Reform program. Corn is grown throughout the country—approximately three-quarters of the crop on small farms. However, national corn consumption estimates show 50 percent of the supply being used by the animal feed industry, an indication that mixed feeds contain heavy proportions of corn.

Grain Stocks Up in Exporting Countries

Grain stocks on July 1, 1967, in the United States, Canada, Argentina, and Australia were about 3 percent higher than those of a year earlier. Stocks of wheat, rye, barley, oats, and corn in these 4 principal exporting countries totaled 101.4 million metric tons.

Wheat stocks on July 1 were 9 percent higher than a year earlier because of larger holdings in Canada and Australia, as stocks in the United States and Argentina declined. Stocks of rye and oats were down 13 and 8 percent, respectively, with declines occurring in the United States, Canada, and Argentina for both grains. Barley stocks were 29 percent larger with all 4 countries holding larger amounts. Corn stocks were down 3 percent, mainly due to a decline in corn in the United States.

A detailed table and analysis appears in the September issue of *World Agricultural Production and Trade: Statistical Report*.

United Kingdom Grain Production and Outlook

Total grain production in the United Kingdom in 1967 is currently estimated at a record 14.4 million metric tons, up from last year's record of 13.5 million tons.

Wheat production in the United Kingdom is estimated at 3.8 million tons, 6 percent more than in 1966, but 10 percent below the 1965 record. The barley crop is currently estimated at 9.2 million tons, 2 percent over last year's record. Oat production is placed at 1.3 million tons, 20 percent over 1966 output and the highest since 1963. Rye production is estimated at 12,000 tons, compared with 11,000 last year. Mixed grain output is 107,000 tons, versus 94,000 in 1966.

Wheat acreage in the United Kingdom is estimated at 2.3 million acres, 3 percent above last year but 9 percent lower than the record area in 1965. Barley acreage in 1967 is estimated at 6,050,000 acres, down 1½ percent, since barley area declined for the first time since 1954.

The area under oats in the United Kingdom is estimated at 1,020,000 acres, up 12 percent, breaking a continuous decline since 1952. Rye acreage, at an estimated 11,000 acres, is up 10 percent; the mixed grain area, at 84,000 acres, is up 15 percent.

The area planted to wheat was larger in spite of poor planting conditions last fall. In January, however, the Minister of Agriculture issued an appeal to farmers to increase production of wheat for feed use and to reduce barley plantings. In early March, the government raised the guaranteed price for wheat, while that for barley was reduced and the price for oats was maintained at the previous level. The apparent net effect of these actions was an increase in area planted to wheat and oats and a reduction in the barley area.

The record total U.K. grain output was largely due to good moisture supplies even though wet, cold weather gave spring crops a slow start. Sunny weather in the latter part of August, following a wet first half, provided good harvest conditions. The major portion of the crop was inside by the first of September. A subsequent short stormy period was followed by clear weather; this would indicate a harvest of generally good quality this year.

The larger season's crops in the United Kingdom may be expected to have commensurate effects on imports in the current marketing year. The present estimates indicate approximately 200,000 tons larger wheat supplies and about 440,000 tons more feedgrains than a year earlier. The United Kingdom exported a million tons of barley in 1966-67 and the success with barley exports this year could have considerable effect on the amounts of other feedgrains to be imported.

U.S. Cotton Imports Lower in 1966-67

In the entire marketing year (August-July) 1966-67, the United States imported 105,000 bales (480 lb. net) of cotton. This compares with 118,000 bales imported in each of the preceding 2 years and is the smallest purchase of foreign cotton since 1951-52 when 79,000 bales were imported.

The largest portion of U.S. cotton imports is of the extra-long staple varieties. Imports of this cotton, principally from Egypt and Peru, are usually equal to the import quota. Asiatic cotton—imported from India and Pakistan—is not produced in the United States, and is therefore not subject to quota. The qualities imported are generally considered nonspinnable and are used for products such as felting and padding. Demand for this cotton in the United States has shown a downward trend over the years since manufacturers are using more manmade fibers.

Imports of other cotton have declined sharply since 1963-64. Most of the decline is a result of smaller purchases of Mexican cotton since the adoption of a one-price cotton policy in the United States beginning in 1964. Egypt has been the major source of imports for cotton stapling 1 1/8 to 1-11/32 inches in recent years.

U.S. IMPORTS OF COTTON FOR CONSUMPTION BY TYPE, ANNUAL 1960 THROUGH 1967

Season beginning August 1	Type of cotton			
	Extra-long staple ¹	Asiatic ²	Other ³	Total
	1,000 bales ⁴	1,000 bales ⁴	1,000 bales ⁴	1,000 bales ⁴
1960	83	13	33	129
1961	83	30	40	153
1962	82	21	34	137
1963	80	23	32	135
1964	83	21	14	118
1965	87	18	13	118
1966	76	16	13	105

¹All cotton stapling 1 1/8 inches and longer. ²Rough and harsh cotton stapling under 3/4 inches. ³Includes all cotton stapling less than 1 1/8 inches except Asiatic. ⁴Bales of 480 pounds net.

Below Average Raisin Pack in Spain

The 1967 Spanish raisin pack is estimated at 9,600 short tons, 25 percent above the short 1966 crop but 12 percent below the 5-year 1961-65 average of 10,900 tons. Production is larger than in 1966 in both the Málaga and Denia districts.

SUPPLY AND DISTRIBUTION OF SPANISH RAISINS

Item	1966-67	Forecast 1967-68
	Short tons	Short tons
Beginning stocks (Sept. 1)	1,700	—
Production	7,700	9,600
Imports	—	—
Total supply	9,400	9,600
Exports	2,900	3,000
Domestic disappearance	6,500	6,600
Ending stocks (Aug. 31)	—	—
Total distribution	9,400	9,600

Exports of 2,900 tons during 1966-67 were the lowest in recent years. The anticipated supply situation provides the prospect of only slightly higher exports during 1967-68. The United Kingdom, France, and Sweden were the principal export markets for Spanish raisins during 1966-67.

Large Turkish Dried Fig Crop

Turkey expects the largest dried fig crop in recent years. The 1967 pack is estimated at 57,000 short tons, 4 percent more than the pack of 55,000 tons last year and 18 percent above the 1961-65 average.

Exports of dried figs during the season ending August 31, 1967, are estimated at 39,000 short tons, 9 percent more than 1965-66 and average. During the first 11 months of the 1966-67 season, exports totaled 79 percent edible whole figs, 9 percent industrial grade figs, and 12 percent fig paste. The two largest export markets for fig paste were the United Kingdom and the United States. Turkish exports of fig paste to the U.S. totaled 1,857 tons during this period.

TURKISH DRIED FIGS, SUPPLY AND DISTRIBUTION

Item	Average 1961-65	Preliminary 1965	Forecast 1966	1967
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Beginning stocks (Sept. 1)	—	—	—	—
Production	48.4	49.0	55.0	57.0
Imports	—	—	—	—
Total supply	48.4	49.0	55.0	57.0
Exports	35.8	35.9	39.0	41.0
Domestic disappearance	12.6	13.1	16.0	16.0
Ending stocks (Aug. 31)	—	—	—	—
Total distribution....	48.4	49.0	55.0	57.0

Argentine Prune Pack Is Revised Upward

The 1967 Argentine prune pack has been revised sharply upward to a record 10,700 short tons, 29 percent above last year and 41 percent above the 5-year 1961-65 average.

Domestic utilization and exports are running considerably above last year, but current movement still indicates a burdensome carryover into the 1968 season. The industry has petitioned the Argentine Government to remove a 16-percent export tax imposed during the March 1967 devaluation of Argentine currency. The net effect of the devaluation and the export tax was to give exporters about 10 percent more pesos than before for foreign exchange. Exports may be expected to exceed current estimates if the export tax is removed.

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SUPPLY AND DISTRIBUTION OF ARGENTINE DRIED PRUNES

Item	Average	Preliminary	
	1961-65	1966	1967
	Short tons	Short tons	Short tons
Beginning stocks (Jan. 1)	200	3,700
Production	7,600	8,300	10,700
Total supply	7,800	8,300	14,400
Exports	4,500	2,300	3,800
Domestic disappearance	3,200	2,300	3,500
Ending stocks (Dec. 31)	100	3,700	7,100
Total distribution	7,800	8,300	14,400

Philippine Exports of Coconut Products

Registered exports of copra from the Philippines during August 1967 totaled 74,357 long tons, compared with 70,414 tons last year. Of the total, 30,857 moved to the United States, against 19,550 in August 1966.

Exports of coconut oil dropped to 15,487 long tons from 27,985 tons last August. Movements to the United States were 14,000 tons compared with 26,443 tons a year earlier.

Cumulative Philippine exports of copra and coconut oil during January-August 1967 totaled 453,525 long tons (oil equivalent basis)—23 percent below the 591,428 tons exported during the same period a year ago.

Desiccated coconut exports for August 1967 totaled 7,894 short tons. Cumulative exports through August were 41,320 tons, 2,119 tons below those of the same period a year earlier. Of the total, 31,185 tons moved to the United States, compared with 30,279 last year.

Portugal's Tobacco Imports

Portugal's tobacco imports in the first 6 months of 1967 totaled 6.2 million pounds, slightly under the 6.4 million imported in January-June 1966. Smaller purchases of leaf from the United States and Mozambique more than offset sharply increased takings from Angola and Greece.

PORUGAL'S TOBACCO IMPORTS

Origin	January-June		
	1965	1966	1967
	1,000 pounds	1,000 pounds	1,000 pounds
United States	2,363	2,422	2,219
Angola	916	1,099	1,791
Rhodesia-Zambia-Malawi	970	658	610
Greece	484	175	580
Mozambique	660	903	382
Others	949	1,184	640
Total	6,342	6,441	6,222

New Zealand's Tobacco Imports

New Zealand's imports of unmanufactured tobacco during the year ending June 30, 1967, were 6.8 million pounds, compared with 6.9 million in comparable 1966. Much larger imports from the United States and stepped-up takings from South Africa did not offset a complete elimination of purchases of Southern Rhodesian tobaccos.

NEW ZEALAND'S TOBACCO IMPORTS

Origin	Year ended June 30 ¹	
	1966	1967
	1,000 pounds	1,000 pounds
United States	3,170	5,372
Rep. of South Africa	303	942
Mozambique	0	180
Malawi	168	134
Indonesia	92	44
Southern Rhodesia	3,092	0
Others	101	104
Total	6,926	6,776

¹ Preliminary; subject to revision.

Zambia Assists Burley Producers

The Zambian Government plans to assist growers of burley tobacco by subsidizing nearly half the costs of constructing tobacco barns. The decision followed low prices offered for 1967 crop burley at the Lusaka markets.